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INFO RUEHFR/AMEMBASSY PARIS 0501
RUEHSM/AMEMBASSY STOCKHOLM 0085
RUEHRG/AMCONSUL RECIFE 9918
RUEHRI/AMCONSUL RIO DE JANEIRO 8179
RUEHSO/AMCONSUL SAO PAULO 4531
RUEKJCS/JOINT STAFF WASHDC
RUCPDO/DEPT OF COMMERCE WASHDC
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C O N F I D E N T I A L BRASILIA 001130

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STATE FOR T, WHA AND PM. OSD FOR USDP AND USD/AT&L

E.O. 12958: DECL: 09/10/2019

TAGS: [PREL](#) [MASC](#) [ETTC](#) [BR](#)

SUBJECT: BRAZIL'S FIGHTER PURCHASE: "EVERYTHING'S CONFUSED"

REF: A. BRASILIA 1124

[1](#)B. BRASILIA 1100

Classified By: Charge d'Affaires Lisa Kubiske. Reason: 1.4 (d)

[1](#)1. (C) The period following President Lula's surprise September 7 announcement that he wanted to negotiate with France for the purchase of Rafale aircraft has seen a dizzying series of turnabouts, a remarkable variety of rumors and little in the way of solid information. It is clear that the GOB still considers the competition to be in progress and will proceed with its technical evaluation process. MOD Jobim has stated definitively that all three competitors will be considered. Lula's announcement is widely viewed as premature and something of a gaffe, and it has led to widespread questioning in the press and Congress as to why Brazil would choose the most expensive option. Further muddying the waters was the fortuitously-timed USG announcement that the Congressional notification period for the U.S. competitor, the Boeing Super Hornet, had expired and that Brazil could now consider the USG/Boeing offer approved.

Brazilian Air Force contacts have reassured Embassy military reps that they will complete their evaluation and that it would be favorable for the USG. They caution, however, that Monday's events show clearly that the final decision will be a political one and high-level political engagement will be necessary for success.

[1](#)2. (C) Most daily papers carried the news that we are still in the competition and that we consider the USG offer to be superior. We heard from a member of the Senate staff that the news of the expiration of the Congressional notification was more important than Secretary Clinton's letter because the GOB had been most concerned about the U.S. Congress blocking the sale. Presidential Advisor Marco Aurelio Gercia, a known proponent of a French alliance, tried to downplay USG credibility by saying the "precedents" of dealing with the USG "are not good" without specifying any such precedent. With the French offer to buy ten of the to-be-developed Brazilian cargo aircraft seen as decisive in getting Lula to support buying French fighters, the news has broken that Embraer has already bid on, and stands a good chance of winning, a tender to supply the U.S. Air Force with 100 light attack aircraft, a far more tangible and immediate benefit to Brazilian industry.

[1](#)3. (C) COMMENT. While it remains difficult to divine what chance there may be to overcome President Lula's premature declaration in favor of the French, the opportunity is there. The French bid is now widely seen as too expensive and

possibly linked to corruption. As noted in ref a, Lula's statement that the French enjoyed an advantage in technology transfer has now been called into question, creating an opening to make a case for Boeing's advantages of price, offsets and performance. Boeing will meet with Brazilian suppliers September 15-16 to build support in the Brazilian business community for partnership. The fact remains, however, that President Lula has established himself as the decision maker, and chances for USG success depend on engaging with Lula.

KUBISKE